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C O N F I D E N T I A L SECTION 01 OF 02 CONAKRY 000395

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SUBJECT: DADIS ORDERS POST-MORTEM AUDIT

Classified By: POLOFF BRIANA WARNER FOR REASONS 1.4 (B) AND (D)

¶1. (SBU) Summary: The CNDD released a communique on July 5 detailing plans to begin a comprehensive audit of the last 25 years of governance in Guinea. Habib Hann, Vice President of the Strategy Bureau in the Office of the President, helped launch the project in order to investigate past corrupt practices as well as "deal with" those who damaged Guinea's economy. END SUMMARY.

Post-Mortem Witch Hunt

¶2. (U) The CNDD issued a communique on July 5 calling for a comprehensive audit of governance in Guinea over the past 25 years. According to the communique, the audit will investigate all government ministries, former prime ministers, mining companies, infrastructure projects, project finance deals, the petroleum sector, and defunct Air Guinee. Though focusing on corruption during the Conte regime, the audit will also look into the practices of the CNDD since the coup.

¶3. (U) The communique also expressed CNDD interest in soliciting international bids to execute the audit. The bidding process is to start this week and will end when the CNDD deems appropriate. While contracts will be open to all international bidders, the audit commission in consultation with the Office of the President will determine the winner.

From Wall Street to Camp Alpha Yaya

¶4. (SBU) EconOff met with Habib Hann, Vice President of the Strategy Bureau in the Office of the President, to discuss the CNDD communique. Hann, a CNDD sympathizer and friend of several CNDD leaders, allegedly returned to Guinea after the coup to "keep the country from going sideways." As a former Vice President at Goldman Sachs and Assistant Vice President at JPMorgan in New York City, Hann was well versed on U.S. policy toward Guinea as well as the complicated process that goes into international contract bidding and audits.

¶5. (SBU) Hann told EconOff that the CNDD would like to hold this audit as a way to expose all of the wrongdoings of the former regime. He thinks that it is important that Guineans see how poorly the former government was managed. When asked why it was useful to audit a government after they have lost power, Hann said that the CNDD owes it to the Guinean people to tell them "the truth" about what happened under Conte. He believes that the audit section that deals with the CNDD will also reveal to Guineans that the junta government is serious about combating corruption and has the will to improve governance.

¶16. (SBU) He suggested that the findings of the audit would be used to "clean up" the perpetrators of corruption from the Conte regime. He also hopes that the audit will investigate what he believes to be improper commercial concessions made to mining companies. Pointing to Rusal, a Russian metal mining company operating in Guinea, Hann argued that the despite the Ernst & Young contract valuation of \$250 million USD, the Guinean government demanded \$15 million USD in concessions. He said many similar contracts were improper and need to be revisited under this audit in order to uncover such discrepancies. With a detailed review, he believes, the Guinean Government will be justified in revoking several commercial contracts in the mining sector.

¶17. (SBU) Hann ironically went on to argue that he hopes that this audit commission will instill confidence in international investors that the Guinean government no longer engages in corruption or favoritism. It will also prove to them, he thinks, that the Government of Guinea is focused on the mining sector and hopes to make the investment process easier and less corrupt to sustain operations.

Independent Auditors Chosen by the Junta Government

¶18. (SBU) When EconOff asked if the audit could be used against CNDD adversaries, Hann said that the independent nature of the audit would eliminate any such political involvement. According to Hann, the international bids will be chosen by an independent audit commission. Though CNDD

CONAKRY 00000395 002 OF 002

leader Moussa Dadis Camara will have final say over who is awarded the contract, Hann does not see this as an insurmountable obstacle to independence.

¶19. (SBU) Hann had few answers about the intended timeline for the audit commission and few concrete details on how the CNDD plans to execute this massive project. He said that they cannot develop any notion of a time line until they get the professional advice of the international bidders.

COMMENT

¶10. (C) Dadis and the CNDD used the legacy of corruption under Conte as a means to garner popular support when they came into power. As the CNDD becomes more unpopular, they are falling back on populist actions to regain power and distract from elections. By arresting former political figures and revoking commercial contracts, Dadis may hope to be seen as a leader battling corruption. However, it is very possible that this audit will be used to harrass and apprehend political adversaries from the former regime and anyone else deemed a threat to the CNDD.

BROKENSHIRE